

**CITY OF MESA
MINUTES OF THE DOWNTOWN DEVELOPMENT COMMITTEE
MEETING**

DATE: December 19, 2002 **TIME:** 7:30 a.m.

MEMBERS PRESENT

Dave Wier, Chair
Art Jordan, Vice-Chair
Vince DiBella
Robert Fletcher
Mark Reeb
Chuck Riekena
Terry Smith

MEMBERS ABSENT

Theresa Carmichael
Wayne Pomeroy

STAFF PRESENT

Shelly Allen
Robert Bagley
Katrina Bradshaw
Tony Felice
Gerry Gerber
Greg Marek
Amy Morales
Patrick Murphy
Kate O'Mara

OTHERS PRESENT

William Barnhart
Tom Bollinger
Robert Burgheimer
Lori Osiecki
John Rosenkrans
Judy Rosenkrans
Tom Verploegen
Mary Jo Whalen

1. Call to Order

The December 19, 2002 meeting of the Downtown Development Committee was called to order at 7:31 a.m. in the City Council Chambers located at 57 E. First Street by Chair Wier.

2. Items from Citizens Present

There were no items from citizens present.

3. Approval of Minutes of November 21, 2002 Study Session

It was moved by Art Jordan, seconded by Chuck Riekena to approve the minutes.

Vote: 7 in favor; 0 opposed

Approval of Minutes of November 21, 2002 Regular Meeting

It was moved by Chuck Riekena, seconded by Vince DiBella to approve the minutes.

Vote: 7 in favor; 0 opposed

4. Discuss and consider the draft Memorandum of Understanding between the City of Mesa and the Arizona Bronze Foundry.

Staff Contact: Greg Marek, Redevelopment Director, (480) 644-3961
e-mail address: greg.marek@cityofmesa.org

Mr. Marek said the purpose of this item is to discuss and Memorandum of Understanding between the City of Mesa and the Arizona Bronze Fine Art Foundry and Gallery. He said it has been the collaborative effort with the Redevelopment Office, Gerry Gerber, Arts and Cultural Director, and Tom Verploegen, Executive Director with the Mesa Town Center Corporation, to have the Arizona Bronze Foundry relocate their operations to downtown Mesa.

Mr. Marek said the Memorandum of Understanding will set the terms and conditions for preparing a formal agreement. The formal agreement will include discussion on the expansion of the operation which includes a sculpture garden, retail gallery, office, studios, and public tours of the facility.

Mr. Marek gave some background information on the project. He also explained that even though the Memorandum of Understanding (MOU) is not legally binding, it sets forth the terms and conditions that will be used to prepare a formal agreement, which staff would like to bring forward in 60 days. Mr. Marek proceeded to go through the terms and conditions of the MOU, which were listed in the staff report.

Mr. Marek said staff feels that the relocation of the Arizona Bronze Foundry to downtown Mesa will help in the development of the Arts and Cultural district, will be a great partnership with the new Mesa Arts Center, and will help the City in acquiring additional sculptures. It will also generate additional sales tax revenue and bring an additional 20-30 new employees to downtown Mesa. For these reasons, the Redevelopment Office, Arts and Cultural Division, and Mesa Town Center Corporation recommend that the Downtown Development Committee forward a recommendation to the City Council to approve the MOU. The General Development Committee is scheduled to consider the MOU at their meeting on January 6, 2003.

Chair Wier asked if the signature sculpture, worth \$500,000 in exchange for the site, would be one huge sculpture or several smaller sculptures with a cumulative value of \$500,000.

Ms. Gerber, Arts and Cultural Director, said staff's preference is that it be one signature piece. She said the consensus is that one large sculpture will have greater value to the City, and its establishment as a sculpture City, than several smaller ones.

Chair Wier asked how the City will be determined that the finalized signature sculpture has a market value of \$500,000.

Ms. Gerber said staff will work with individuals in the art industry through a collaborative effort with several boards and panels, including the Sculpture Panel, the Museum Cultural and Advisory Board, as well as a selection panel convened specifically for that purpose, to make a recommendation on its market value.

Mr. Riekena asked if the Final Agreement will address items such as the timeline for construction and improvements to the property.

Mr. Marek said the Final Agreement will contain a performance schedule to identify the points that were just mentioned.

Mr. Reeb asked if there has been any discussion on the timing of the delivery of the signature sculpture.

Tom Bollinger, artist and owner of the Arizona Bronze Foundry, said generally it takes a long time to produce a very large signature sculpture. He explained that this is partly due to the lengthy selection process with heavy community input involved in deciding on the sculpture. He also said it would take several years for both design development and production. His goal is to meet the criteria asked of him and produce a sculpture that the City can be proud of. Mr. Bollinger gave examples of the timeframes that were incurred for signature sculptures in other communities.

Mr. Riekena asked if the value of the sculpture is based on today's value or the value several years from now at the completion of the sculpture.

Mr. Bollinger said with any art collection of a municipality or corporation, what may be valued at \$500,000 today, could be worth \$5,000,000 by the end of the artist's lifetime, depending on the reputation and popularity of the artist. But he said the value will be placed at the time of production.

Mr. Marek said as part of the performance schedule in the agreement, staff will try to narrow down the timeframe as much as possible and pin down a completion date as much as they can.

Mr. Jordan asked if Tom Bollinger will be the artist for the signature sculpture and also wanted to know who the architect would be for the site.

Mr. Marek said that Tom Bollinger will be the artist. Mr. Bollinger said his architect is Woolsey Studios located in Tempe.

It was moved by Mark Reeb, seconded by Vince DiBella, to recommend that staff execute the Memorandum of Understanding between the City of Mesa and the Arizona Bronze Foundry, subject to the following stipulations:

- 1. Provide a definition of value for the signature sculpture.**
- 2. Establish a date of delivery for the signature sculpture.**
- 3. Allow flexibility during the negotiation process to determine the number of sculptures the City will receive equivalent to \$500,000 in exchange for the site.**
- 4. Design Review approval must be obtained prior to the transfer of title to the Arizona Bronze Foundry.**

Vote: 7 in favor; 0 opposed

5. Discuss and consider the responses to the Request for Proposals for 146 W. Main Street.

Staff Contact: Shelly Allen, Redevelopment Specialist, (480) 644-2773
e-mail address: shelly.allen@cityofmesa.org

Ms. Allen said each developer will come forward and give a timed 10-minute presentation before the Board. The developers came forward in the following order:

1. Lori Osiecki and Robert Burgheimer, Beati Investments
2. John Rosenkrans, M&S Sporting Goods
3. William Barnhart

Chair Wier asked the Board for their questions and comments.

Mr. DiBella said he was indecisive on whom to recommend as the developer for this property. There were reasons for him to favor each one. He said he has been to Mr. Barnhart's studio and feels it would be a tremendous asset to the downtown area. He was also impressed with Beati Investments proposal and the architectural improvements that they have proposed for the building. Mr. DiBella also pointed out that M & S Sporting Goods as been located in downtown Mesa for a long time. (After making these comments, Mr. DiBella excused himself due to a prior commitment.)

Ms. Smith asked Ms. Osiecki why artists would be interested to coming to downtown Mesa to work in this gallery and how will they benefit by doing so.

Ms. Osiecki said the benefit to the artist is that they have the opportunity to come to Arizona, increase their exposure, and expand the area in which to market their artwork. The benefit to the public is that they have the chance to come to the studio and learn the process involved in creating a piece of artwork.

Mr. Burgheimer added that Ms. Osiecki has a cottage behind her home where visiting artists will be able to live during their visit to Arizona. This cottage is located only a few blocks from the gallery. As a result, the artist will be provided with both a place to live and to work during their stay, which is a tremendous incentive for artist who are beginning their career or need additional avenues to help expand their opportunities to work.

Mr. Reeb asked what kind of projections Beati Investments have for annual sales revenue over a five-year period after the business is established.

Ms. Osiecki said she has spoken to a lot of gallery owners but it is very hard to make those projections. She said the gallery will initially require some other form of help in offsetting the expenses to operate the gallery. She said this is why she introduced the office spaces. Ms. Osiecki said the galleries that she

has researched in Scottsdale have doubled their income tax revenues in the past eight years and seem to be expanding and are doing very well. Ms. Osiecki said, however, that she did not have actual numbers to provide to show projected annual sales.

Mr. Jordan asked Mr. Barnhart to also answer the same question that was asked of Ms. Osiecki regarding projected annual sales revenue.

Mr. Barnhart said his sales have continued to explode. Within the past 45 days he has had a collector buy 25 major pieces for \$150,000; the Picnic Company has commissioned \$25,000 worth of work; the Phoenix Arts Commission is buying a sculpture for \$20,000; and the City of Mesa has agreed to purchase a sculpture for \$55,000. In addition, Mr. Barnhart said he also has two other projects on the table right now, one with a large office building in downtown Phoenix and another with the Denver Zoo to produce 23 life size animals in bronze.

Mr. Jordan asked if sales tax is collected at the full rate when these types of transactions are made or is a portion of the cost to pay for labor.

Mr. Barnhart said the customer pays sales tax on the full amount.

Mr. Reeb asked what kind of engineering studies have been done to determine if a second story will be feasible.

Mr. Barnhart said he has not yet commissioned a structural engineering report. He explained that his original concept is to build the second story over the existing structure. He said if a structural engineer determines that this is not feasible, then the secondary proposal would be to build the additional section all the way to the property line in the back and then build over the back section. (Mr. Barnhart provided a handout depicting the secondary proposal.)

Mr. Jordan asked who is the architect.

Mr. Barnhart explained that these are conceptual ideas at this point. He explained that he would like to bring in a group of five architects and utilize all of their ideas before he comes up with a final proposal.

Mr. Jordan referenced Mr. Barnhart's proposal which states that he has agreed to a personal commitment of approximately \$250,000. Mr. Jordan asked Mr. Barnhart how the interior renovation and street side elevations will be impacted if a significant amount of that money ends up having to go towards structural modifications that were not originally anticipated.

Mr. Barnhart admitted that the initial fees were speculative, however, with all of the sales that he has come upon within the past 45 days, he is willing to increase his personal commitment to make the project work and is in a financial position to be able to do that.

Mrs. Smith asked if Mr. Barnhart has used the Arizona Bronze Foundry.

Mr. Barnhart said he uses Arizona Bronze, as well as Artscape Bronze in Sedona, and a foundry out of San Diego.

Mr. Reeb asked Mr. Barnhart about the sculpture that the City has agreed to buy from him for \$55,000.

Mr. Barnhart said he has a horse piece that is currently on the corner of Sirrine Street and Main Street, across from Jack-in-the-Box, as an example of his work. The piece that the City is buying is a sculpture consisting of two horses that are about 25 to 30% larger than the one on Main Street. He said the sculpture will be about 9 feet long and 4 ½ feet tall, without the base.

Chair Wier said he was excited about Mr. Barnhart's proposal; however, he also wanted to support M&S Sporting Goods which is a long-time business in downtown Mesa. He asked Mr. Rosenkrans if they plan to stay in downtown Mesa if another site could be located.

Mr. Rosenkrans said he would welcome that opportunity because he will need to buy his own building in order to continue to operate in downtown Mesa.

Chair Wier said that with the Mesa Arts Center being built he would prefer to see an arts related use in that building, but he hates to forget about the businesses that have stayed in downtown Mesa for so many years. He said this will be a tough decision.

Mr. Riekema asked Mr. Barnhart when he will make a determination regarding the structural capabilities of the building if the City should enter into a 60-day negotiation period with him.

Mr. Barnhart said he would hire a structural engineer as soon as he was selected for exclusive negotiations with the City.

Mr. Marek suggested that the Board may want to recommend a 120-day exclusive negotiation period to ensure that the structural analysis is completed. He explained that the City will need to know how long it will take for the structural engineer to complete his analysis because that will dictate how long it will take to finalize an agreement.

Mr. Riekema asked Mr. Rosenkrans what his sales tax revenues have been in recent years.

Mr. Rosenkrans said in 1998 it was \$8,000. This year it will be over \$16,000. He said they anticipate with their business plan to double that within the next five years.

Mr. Riekema said he was also torn in his decision on which developer to choose for this project. He asked Mr. Rosenkrans if he has any plans to incorporate

some additional aesthetically pleasing features to the storefront in order to make it a little more exciting.

Mr. Rosenkrans said that with the new stucco, the tile in-lay, the new glass, and the window displays that he has provided a very aesthetically pleasing storefront in his proposal.

Mrs. Smith asked Mr. Barnhart how the City can be assured that he will bring other artists to work in his studio.

Mr. Barnhart said he will not utilize 2,800 square feet of space on his own and will want to share the space with other artists. He said he has already spoken to several artists--Brad Michael, who creates large ceramic pieces that are almost five feet tall, Linda Ingram, one of the best fine arts photographers in the state, and J.D. Parish, who is also a sculpture and a painter—who have expressed interest in coming to the studio to work with him. These artists will bring their client base and their history of selling art to the studio. Mr. Barnhart said this is important to him because it will expose his artwork to people who already have a love for contemporary artwork, and spread interest in his work by word-of-mouth.

Mr. Jordan asked where those artists are currently located.

Mr. Barnhart said they are located in Tempe, Phoenix, and Mesa.

Mr. Jordan asked Mr. Barnhart if he could pinpoint one specific thing that would cause them to want to move to Mesa, what would it be.

Mr. Barnhart said it would be because of their relationship with him, their mutual respect for each other's work, and their desire to be associated with one another.

It was moved by Chuck Riekema to recommend that the City Council direct staff to enter into a 60-day negotiation period with William Barnhart for the development of 146 W. Main Street and that any agreement that they enter into specifically address the issue associated with the contribution of \$250,000 worth of either bronze sculptures or large format paintings to the City.

Mr. Reeb suggested that an additional stipulation be placed on the motion that the developer must obtain Design Review approval prior to the transfer of title to the building.

Mrs. Smith suggested that an additional stipulation be placed that the Redevelopment Agreement require the developer to provide letters of intent from four or five additional artists who plan to utilize the workspace in the gallery.

Mr. Jordan wanted to clarify that the value of the sculptures could potentially approach the value of approximately \$250,000 but, in addition to that, the improvements to the building would be financed by Mr. Barnhart which value also equals \$250,000. Mr. Barnhart stated that Mr. Jordan was correct.

Mr. Reeb said it was his understanding that Mr. Barnhart's proposal asks that the City waive the building permit fees. Mr. Reeb asked if the City could do that.

Mr. Marek said the City cannot waive impact fees and typically does not waive the permit fees either. This is subject to negotiation during the final agreement. Mr. Marek added, however, that all of the developers have stated that this would not hinder their project from moving forward.

Chair Wier asked Mr. Riekema to restate the motion and include all stipulations.

It was moved by Chuck Riekema, seconded by Art Jordan, that the Downtown Development Committee recommend to the City Council to direct staff to enter into a 60-day exclusive negotiation period with William Barnhart for the development at 146 W. Main Street, subject to the following stipulations:

- 1. Design Review approval must be obtained prior to the transfer of title of the building; and**
- 2. The Redevelopment Agreement require the artwork be provided with a value of at least \$250,000 to the City in return for the transfer of the building; and**
- 3. The developer must provide letters of intent from four or five museum quality artists who have agreed to work in the studio once it is completed; and**
- 4. The Redevelopment Agreement include a monetary commitment from Mr. Barnhart of at least \$250,000 towards construction and improvements to the property.**

Mrs. Smith asked if the Board would like to place a timeline upon the delivery of the sculptures.

Mr. Marek asked that this be worked out during the negotiation period because he would like to involve the Arts and Cultural Division in the decision making process.

**Vote: 5 in favor (Dave Wier, Art Jordan, Terry Smith, Chuck Riekema, Mark Reeb);
1 opposed (Robert Fletcher)
3 absent (Vince DiBella, Theresa Carmichael, Wayne Pomeroy)**

Mr. Marek explained that the next step is to present this to the General Development Committee on January 6, 2003 at 2:30 p.m. in the lower level Council Chambers. The City Council will make the final selection.

Mr. Riekena explained that the reason he chose to nominate Mr. Barnhart as the developer for this property is because the City would receive something of value for the property, that being \$250,000 in public art. He said this was the prime reason for his motion. The economic benefit exceeded that of the other two proposals.

6. Discuss and consider revising the list of permitted uses allowed in a Level 1 Historic Structure with a Special Use Permit.

Mr. Marek explained that Chair Linoff of the Historic Preservation Committee has requested that the Downtown Development Committee continue this agenda item until the January meeting in order to give the Historic Preservation Committee a chance to discuss this at their next meeting.

It was moved by Chuck Riekena, seconded by Art Jordan, to continue this agenda item until the January 16, 2003 Downtown Development Committee meeting.

Vote: 6 in favor; 0 opposed

7. Update on the Rehabilitation Code.

Mr. Marek said staff has made significant progress on the Rehabilitation Code. An update will be provided to the General Development Committee on January 6, 2003.

Mr. Marek explained that the Fire Department has changed their policy on fire sprinklers, which will solve a lot of the problems that have been experienced in the past. He said the Fire Department has come up with two hazard categories. Category one includes those uses that have hazardous materials. Buildings that are moved into this category or change uses within this category must have fire sprinklers. Category two includes many types of various uses. Buildings that stay within this category, even if it is a change of use, will not have to install fire sprinklers. Mr. Marek reminded the Board that the previous policy required fire sprinklers anytime there was a change of use regardless of the hazard category.

Mr. Marek said the Fire Department also revised the policy which only allows a 10% addition to the building area without having to fire sprinkle. Instead, they have now created a graduated table, which allows a building of 2,000 square feet to increase by 1,000 square feet without having to fire sprinkle. In addition, you can increase up to 50% of your building at a maximum of 5,000 square feet. Mr. Marek said staff feels these revisions should solve a lot of the problems that have been experienced in the past.

Mr. Reeb asked if the Ordinance has been amended to reflect these revisions or if this is an internal policy.

Mr. Marek said the City Ordinance only requires the Fire Marshall to sign off on these kinds of amendments in order for them to take effect, and therefore, the City Council is not required to approve the changes to the Ordinance.

Mr. Marek explained that the Building Department has performed extensive research on rehabilitation codes and have decided to use the North Carolina Rehabilitation Code because it was taken from the New Jersey Rehabilitation Code and uses the International Building Codes. The Building Department has decided to use the North Carolina Rehabilitation Code as a model and to determine if there would be any major impediments to implementation. They have not found anything. In addition, the Building Department feels comfortable using the New Jersey and North Carolina rehabilitation codes because of its history of use and track record to indicate that it works. Mr. Marek said the next step in the process is to hold a series of meetings during the month of January with the stakeholders who will be using this new code. He added that the only issue left to debate is to determine what set of building codes to adopt, whether it be the international codes or the NFPA.

Mr. Marek pointed out that the rehabilitation code only addresses issues regarding existing buildings but does not address issues regarding development requirements for existing properties such as retention, setbacks, zoning, etc. The City will still need to address those issues through a separate process, however, staff would like the Rehabilitation Code adopted as soon as possible.

8. **Director's Report**

Housing Master Plan – The City Council has appointed a citizens task force committee of 15 members to develop a citywide master plan to address housing affordability. Mr. Marek said he has been appointed to the staff team and wants to make sure that the downtown area is included in the master plan.

Site 21 – Staff has completed the draft Redevelopment Agreement and have submitted it to Outsource International for comments. Staff hopes to bring this to the General Development Committee meeting on January 6, 2003 because February 19th is the deadline for the 90-day negotiation period that was established. The Downtown Development Committee may want to hold a special DDC meeting during the last week of December to discuss the Redevelopment Agreement before it goes to the General Development Committee on January 6th.

Mesa Grande Tour – Jerry Howard from the Mesa Southwest Museum will be holding a tour of the Mesa Grande site on January 9, 2003 at 4:00 p.m. which the Downtown Development Committee is invited to attend.

Mitten and Pomeroy House – The City Council selected John Giles as the developer for the Mitten House and the Mesa Violin Studios for the Pomeroy House and has directed staff to draft a Redevelopment Agreement for both parties.

Four Wheel Drive Parts – The Building Department issued a Certificate of Occupancy to Four Wheel Drive Parts, located at 420 S. Country Club Drive, prior to the completed improvements. The Redevelopment Office is working with the Building Department to improve communication so that this doesn't happen again in the future.

Mesa Cold Storage – The rezoning will be considered by the City Council on January 6, 2003.

9. Report from Mesa Town Center, Tom Verploegen – Executive Director

Mr. Verploegen gave an update on Mesa Town Center activities and the sculpture program.

10. Board Member Comments

None.

13. Adjournment

With there being no further business, this meeting of the Downtown Development Committee was adjourned at 8:55 a.m.

Respectfully Submitted,

Mr. Gregory J. Marek, Director of Redevelopment
Minutes prepared by Katrina Bradshaw